



# Surana Industries Limited



CIN : L27104TN1991PLC020533

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Royapettah, Chennai - 600 014. ☎ : 2852 6336, 2852 5127

★ Fax: 044-2852 0713 ★ Grams : "GURUHASTI"

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Ref: SIL/SEC/ /FY 2015-16

May 30, 2015

**The Manager,**  
**National Stock Exchange of India Limited,**  
Listing Department,  
Exchange Plaza, Bandra-Kurla Complex,  
Bandra (E), Mumbai - 400 051.

**The Deputy General Manager,**  
**Department of Corporate Services,**  
**Bombay Stock Exchange Limited,**  
23<sup>rd</sup> Floor, P J Towers, Dalal Street,  
Mumbai - 400 001.

Dear Sir,

**Sub: Clause 41 – Financial Results for the quarter and year ended March 31, 2015****Ref: Scrip Code: 513597: Scrip ID: SURANAIND, Symbol: SURANAIND**

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This is to inform you that the Board of Directors of the Company at their meeting held today, have inter alia approved the Audited Financial Results [Both Standalone & Consolidated] along with the asset liability statement for the quarter & financial year ended March 31, 2015 which are enclosed herewith for your reference.

This is for your information and records.

Kindly acknowledge receipt.

Thanking you,

Yours faithfully,

**For Surana Industries Limited**


**D. Hem Senthil Raj**  
**Company Secretary & Compliance Officer**  
**M.No: A25451**



**Part I : Statement of Standalone & Consolidated Audited Financial Results for the quarter and year ended March 31, 2015**

(Rupees in lakhs except EPS and shareholding data)

| Sl. No | Particulars                                                                               | Quarter Ended     |                   |                   | Year to date       |                    | Consolidated Year Ended |                    |
|--------|-------------------------------------------------------------------------------------------|-------------------|-------------------|-------------------|--------------------|--------------------|-------------------------|--------------------|
|        |                                                                                           | March 31, 2015    | December 31, 2014 | March 31, 2014    | March 31, 2015     | March 31, 2014     | March 31, 2015          | March 31, 2014     |
|        |                                                                                           | Audited           | Unaudited         | Audited           | Audited            | Audited            | Audited                 |                    |
| 1      | <b>Income from operations</b>                                                             |                   |                   |                   |                    |                    |                         |                    |
|        | (a) Net Sales/Income from Operations                                                      | 26,761.97         | 18,951.91         | 12,451.22         | 64,217.62          | 55,520.60          | 65,539.85               | 63,112.06          |
|        | (b) Other Operating Income                                                                | -                 | -                 | -                 | -                  | -                  | -                       | -                  |
|        | <b>Total Income from operations (Net)</b>                                                 | <b>26,761.97</b>  | <b>18,951.91</b>  | <b>12,451.22</b>  | <b>64,217.62</b>   | <b>55,520.60</b>   | <b>65,539.85</b>        | <b>63,112.06</b>   |
| 2      | <b>Expenses</b>                                                                           |                   |                   |                   |                    |                    |                         |                    |
|        | (a) Cost of Material Consumed                                                             | 1,903.71          | 1,746.48          | 5,102.00          | 9,871.63           | 43,788.60          | 11,454.06               | 46,175.93          |
|        | (b) Purchases of stock -in-trade                                                          | 24,482.42         | 13,895.37         | 8,791.74          | 50,101.40          | 10,755.91          | 50,101.40               | 14,373.32          |
|        | (c) Changes in inventories of finished goods, WIP and Stock-in-                           | 401.56            | 3,277.24          | 1,904.26          | 4,148.99           | 2,596.87           | 4,147.21                | 2,593.04           |
|        | (d) Employee Benefit Expenses                                                             | 166.95            | 140.91            | 250.40            | 456.41             | 852.77             | 617.15                  | 1,469.76           |
|        | (e) Depreciation and Amortisation Expenses                                                | 260.86            | 2,040.30          | 261.74            | 6,183.36           | 3,192.79           | 7,416.53                | 4,866.27           |
|        | (f) Other Expenses                                                                        | 2,436.44          | 531.34            | 743.83            | 4,066.88           | 3,237.51           | 6,234.48                | 3,068.78           |
|        | (g) Advances Written Off                                                                  | -                 | -                 | -                 | -                  | -                  | 8,624.03                | -                  |
|        | <b>Total Expenses</b>                                                                     | <b>29,651.94</b>  | <b>21,631.64</b>  | <b>17,053.97</b>  | <b>74,828.67</b>   | <b>64,424.44</b>   | <b>88,594.86</b>        | <b>72,547.10</b>   |
| 3      | <b>Profit/(Loss) from operations before other income, finance costs and tax (1 - 2)</b>   | <b>(2,889.97)</b> | <b>(2,679.73)</b> | <b>(4,602.75)</b> | <b>(10,611.05)</b> | <b>(8,903.84)</b>  | <b>(23,055.01)</b>      | <b>(9,435.04)</b>  |
| 4      | Other Income                                                                              | 77.25             | 136.15            | 89.99             | 797.39             | 302.51             | 822.62                  | 398.93             |
| 5      | <b>Profit/(Loss) from ordinary activities before finance costs and tax (3 + 4)</b>        | <b>(2,812.72)</b> | <b>(2,543.58)</b> | <b>(4,512.76)</b> | <b>(9,813.66)</b>  | <b>(8,601.33)</b>  | <b>(22,232.39)</b>      | <b>(9,036.11)</b>  |
| 6      | Finance costs                                                                             | 4,095.65          | 3,880.29          | 5,330.61          | 13,635.78          | 14,786.19          | 16,661.21               | 17,627.79          |
| 7      | <b>Profit/(Loss) from ordinary activities before tax before exceptional items (5 - 6)</b> | <b>(6,908.37)</b> | <b>(6,423.87)</b> | <b>(9,843.37)</b> | <b>(23,449.44)</b> | <b>(23,387.52)</b> | <b>(38,893.60)</b>      | <b>(26,663.90)</b> |
|        | Prior Period Expenditure                                                                  | -                 | -                 | -                 | -                  | -                  | 1,516.50                | -                  |
|        | <b>Profit/(Loss) before tax</b>                                                           | <b>-</b>          | <b>-</b>          | <b>-</b>          | <b>-</b>           | <b>-</b>           | <b>(40,410.10)</b>      | <b>(26,663.90)</b> |
| 8      | Tax expense                                                                               | (556.20)          | -                 | (3,074.42)        | 2,829.45           | (7,841.40)         | 3,864.79                | (9,489.56)         |
| 9      | <b>Net Profit/(Loss) for the period after taxes (7-8)</b>                                 | <b>(6,352.17)</b> | <b>(6,423.87)</b> | <b>(6,768.95)</b> | <b>(26,278.89)</b> | <b>(15,546.12)</b> | <b>(44,274.89)</b>      | <b>(17,174.34)</b> |
| 10     | Paid-up equity share capital (face value Rs. 10/-)                                        | 4,451.91          | 4,451.91          | 4,451.91          | 4,451.91           | 4,451.91           | 4,451.91                | 4,451.91           |
| 11     | Reserves excluding revaluation reserves as per Balance Sheet of pr                        | -                 | -                 | -                 | -                  | 89,256.53          | -                       | 80,347.52          |
| 12     | Earning Per Share (Rs.) - Basic and Diluted                                               | (14.27)           | (14.43)           | (15.20)           | (59.03)            | (34.92)            | (99.45)                 | (38.58)            |





Part II : Select Information for the Quarter and year ended March 31, 2015

| Sl. No | Particulars                                                           | Quarter Ended  |                   |                | Year to date   |                |
|--------|-----------------------------------------------------------------------|----------------|-------------------|----------------|----------------|----------------|
|        |                                                                       | March 31, 2015 | December 31, 2014 | March 31, 2014 | March 31, 2015 | March 31, 2014 |
| A      | <b>PARTICULARS OF SHAREHOLDING</b>                                    |                |                   |                |                |                |
| 1      | Public Shareholding                                                   |                |                   |                |                |                |
|        | - Number of Shares                                                    | 24,211,565     | 24,211,565        | 24,211,565     | 24,211,565     | 24,211,565     |
|        | - Percentage of shareholding                                          | 54.38          | 54.38             | 54.38          | 54.38          | 54.38          |
| 2      | Promoters and Promoter Group Shareholding                             |                |                   |                |                |                |
|        | a. Pledged / Encumbered                                               |                |                   |                |                |                |
|        | - Number of shares                                                    | 20,307,502     | 20,307,502        | 13,427,676     | 20,307,502     | 13,427,676     |
|        | - Percentage of shares                                                |                |                   |                |                |                |
|        | (as a % of the total shareholding of the promoter and promoter group) | 100            | 100               | 66.12          | 100            | 66.12          |
|        | - Percentage of shares                                                |                |                   |                |                |                |
|        | (as a % of the total share capital of the Company)                    | 45.62%         | 45.62%            | 30.16%         | 45.62%         | 30.16%         |
|        | b. Non -encumbered                                                    |                |                   |                |                |                |
|        | - Number of shares                                                    | -              | -                 | 6,879,826      | -              | 6,879,826      |
|        | - Percentage of shares                                                |                |                   |                |                |                |
|        | (as a % of the total shareholding of the promoter and promoter group) | -              | -                 | 33.87%         | -              | 33.87%         |
|        | - Percentage of shares                                                |                |                   |                |                |                |
|        | (as a % of the total share capital of the Company)                    | 0.00%          | 0.00%             | 15.45%         | 0.00%          | 15.45%         |

| B | Particulars                                    | 3 months ended<br>March 31, 2015 |
|---|------------------------------------------------|----------------------------------|
|   | <b>INVESTOR COMPLAINTS</b>                     |                                  |
|   | Pending at the beginning of the quarter        | Nil                              |
|   | Received during the quarter                    | Nil                              |
|   | Disposed of during the quarter                 | Nil                              |
|   | Remaining unresolved at the end of the quarter | Nil                              |



**GURUDEV**  
**SURANA INDUSTRIES LIMITED**

Regd Office:#29,Whites Road,IIInd Floor,Royapettah,Chennai-600 014  
CIN : L27104TN1991PLC020533 Email : secretarial@suranaind.com, www.suranaind.com  
Audited financial results for the quarter and year ended March 31, 2015  
Scrip ID: SURANAIND , Scrip Code: 513597, Symbol:SURANAIND



**Note I : Statement of Standalone & Consolidated Audited Financial Results for the quarter and year ended March 31, 2015**

(Rupees in lakhs )

| STATEMENT OF ASSETS AND LIABILITIES |                                              | Standalone           |                      | Consolidated         |                      |
|-------------------------------------|----------------------------------------------|----------------------|----------------------|----------------------|----------------------|
| SI.NO                               | Particulars                                  | As at March 31, 2015 | As at March 31, 2014 | As at March 31, 2015 | As at March 31, 2014 |
|                                     |                                              | Audited              | Audited              | Audited              | Audited              |
| <b>A</b>                            | <b>EQUITY AND LIABILITIES</b>                |                      |                      |                      |                      |
| 1                                   | Shareholders' funds                          |                      |                      |                      |                      |
|                                     | (a) Share Capital                            | 4,451.91             | 4,451.91             | 4,451.91             | 4,451.91             |
|                                     | (b) Reserves and Surplus                     | 62,913.63            | 89,837.16            | 34,921.87            | 80,849.59            |
|                                     | (c) Non-Controlling Interest                 | -                    | -                    | 3,555.03             | 591.45               |
|                                     | <b>Sub - total - Shareholders' funds</b>     | <b>67,365.54</b>     | <b>94,289.07</b>     | <b>42,928.81</b>     | <b>85,892.95</b>     |
| 2                                   | Share Application Money Pending Allotment    |                      |                      |                      | -                    |
| 3                                   | Non-Current liabilities                      |                      |                      |                      |                      |
|                                     | (a) Long-Term Borrowings                     | 85,566.09            | 90,059.04            | 247,802.96           | 240,772.06           |
|                                     | (b) Other Long - Term Liabilities            | 5,877.64             | 691.80               | 5,877.64             | 2,657.10             |
|                                     | (c) Long Term Provisions                     | 8,482.09             | 3,397.27             | 9,517.77             | 3,354.12             |
|                                     | (d) Deferred Tax Liability                   | -                    | -                    | 1,313.90             | -                    |
|                                     | <b>Sub - total - Non Current Liabilities</b> | <b>99,925.82</b>     | <b>94,148.11</b>     | <b>264,512.27</b>    | <b>246,783.28</b>    |
| 4                                   | Current Liabilities                          |                      |                      |                      |                      |
|                                     | (a) Short-Term Borrowings                    | 39,813.39            | 33,593.23            | 41,362.22            | 34,693.19            |
|                                     | (b) Trade Payables                           | 11,644.39            | 16,988.56            | 36,500.74            | 45,757.94            |
|                                     | (c) Other Current Liabilities                | 5,749.45             | 302.90               | 15,887.74            | 3,788.80             |
|                                     | (d) Short Term Provisions                    | 103.05               | 770.38               | 153.30               | 941.45               |
|                                     | <b>Sub - total - Current Liabilities</b>     | <b>57,310.28</b>     | <b>51,655.07</b>     | <b>93,904.00</b>     | <b>85,181.38</b>     |
|                                     | <b>TOTAL - EQUITY AND LIABILITIES</b>        | <b>224,601.64</b>    | <b>240,092.25</b>    | <b>401,345.08</b>    | <b>417,857.61</b>    |
| <b>B</b>                            | <b>ASSETS</b>                                |                      |                      |                      |                      |
| 1                                   | Non Current Assets                           |                      |                      |                      |                      |
|                                     | (a) Fixed Assets                             |                      |                      |                      |                      |
|                                     | (i) Tangible assets                          | 61,227.64            | 68,004.54            | 85,144.33            | 92,818.27            |
|                                     | (ii) Capital work-in-progress                | 24,927.36            | 22,871.83            | 217,893.95           | 193,420.91           |
|                                     | (b) Other Non Current Investments            | 3.09                 | 50,680.11            | 3.09                 | 3.09                 |
|                                     | (c) Deferred Tax Assets (net)                | -                    | 255.91               | -                    | 1,271.56             |
|                                     | (d) Long term Loans and Advances             | 19,574.25            | 25,031.81            | 23,658.40            | 46,225.99            |
|                                     | <b>Sub - total - Non Current Assets</b>      | <b>105,732.34</b>    | <b>166,844.20</b>    | <b>326,699.77</b>    | <b>333,739.82</b>    |
| 2                                   | Current Assets                               |                      |                      |                      |                      |
|                                     | (a) Current Investments                      | 53,424.14            | 1.00                 | -                    | -                    |
|                                     | (b) Inventories                              | 25,869.43            | 29,971.26            | 29,368.61            | 34,393.70            |
|                                     | (c) Trade Receivables                        | 33,602.73            | 36,444.02            | 33,936.95            | 37,345.47            |
|                                     | (d) Cash and Cash equivalents                | 2,777.51             | 722.56               | 2,814.44             | 1,484.00             |
|                                     | (e) Short term loans and advances            | 3,195.49             | 6,109.21             | 8,525.31             | 10,894.62            |
|                                     | <b>Sub - total - Current Assets</b>          | <b>118,869.30</b>    | <b>73,248.05</b>     | <b>74,645.31</b>     | <b>84,117.79</b>     |
|                                     | <b>TOTAL - ASSETS</b>                        | <b>224,601.64</b>    | <b>240,092.25</b>    | <b>401,345.08</b>    | <b>417,857.61</b>    |



**Note 2:**

1. The above results have been reviewed by the Audit Committee and approved by the Board of Directors at their meeting held on 30<sup>th</sup> May 2015 and have been audited by the Statutory Auditors.
2. The company is having an offshore subsidiary with 100% shareholding namely Surana Mines and Minerals Ltd., Singapore (SMML) with an investment of Rs. 59.59 Crores. SMML does not have any business operations other than investment in two step down subsidiary in Indonesia having mining rights in Coal Mine based at South Kalimantan. The Board of Directors of Surana Industries Limited (SIL) have decided and approved for divestment of SMML during the financial year 2015-16.
3. The Raichur Integrated Steel Plant was not operational for the entire period of financial year 2014-15 due to labour disputes and paucity of working capital. However, the company has been successful in resolving the labour disputes towards the end of the F.Y. 2014-15 and is also confident of arranging the required level of working capital within first quarter of F.Y. 2015-16. The operations at Raichur is expected to be resumed by the end of the first quarter of F.Y. 2015-16.
4. The 2x210MW Thermal power project under implementation at Raichur in the Subsidiary namely Surana Power Ltd. (SPL) has been stalled since March'2013 due to withdrawal of financial commitment by some of the lenders and consequential effect thereof on private equity tie-up. Efforts were made to complete the project by re-allocation of the shortfall in debt by the lead bank IDBI Ltd. to other consortium lenders including cost overrun of Rs. 690 Crores due to shift in the COD by two years but majority of the lenders were not successful in providing the revised debt sanctions. In view thereof, the Board of Directors have decided and approved for disinvestment of this project in SPL during the financial year under consideration. This has been apprised to all the consortium lenders of both the entities and CDR-EG in the joint lenders meeting (JLM) of SIL held on 13<sup>th</sup> April'2015 as also in the joint lenders meeting (JLM) of SPL held on 8<sup>th</sup> May'2015.
5. The Board has approved divestment of all of the subsidiaries namely Surana Power Ltd (SPL), Surana Green Power Ltd (SGPL) and Surana Mines and Minerals Ltd (SMML) due to continuing adverse market scenario which is impacting the survival of the parent company itself, hence this decision is approved by the Board to monetize the non-core investments and focus on revival of the main business operations in Steel where we have the core competencies.



6. The 35 MW Thermal Power Plant of the subsidiary company namely Surana Power Ltd. at Raichur was also not operational all throughout the F.Y. 2014-15 as this is meant for the captive power consumption of Integrated Steel Plant which remained under shut-down for the full year.
7. The figures for the last quarter are the balancing figure between the audited figures in respect of the full financial year and published year to date figures up to the third quarter of the current financial year.
8. Figures of the previous period have been regrouped / recasted wherever necessary to make them comparable with those of the current period.
9. The Company has only one business segment namely Iron and Steel Products and operates out of single geographical region i.e. South India.
10. In view of the continuing losses incurred by the company since past two years and lack of liquidity in the system, the Board of Directors of the Company has decided not to recommend any dividend for the F.Y. 2014-15.
11. The next Annual General Meeting of the company will be held on 10<sup>th</sup> August'2015.
12. In view of the continuing adverse market conditions and consequential economic impact on the Steel Industry and the resultant impact of lenders not sanctioning the project loan, it has been decided to shelve the Pelletisation and Beneficiation Project at Raichur. In view thereof, the Company is considering the option to work on stand-alone viability by right product mix of Alloy Steel and other fast moving Iron and Steel products and accordingly .
13. During the F.Y. 2014-15, the company has pruned down the debtors and creditors of the inter related parties as a part of the Balance Sheet cleaning-up exercise with proper legal agreements.
14. The Promoters as a part of the family settlement exercise have vested their entire shareholding to Shri. Dineshchand Surana, Managing Director cum Promoter of the Company wherein the transfer of the shares is being effected inter-se in due compliance with SEBI Regulations.



15. The Promoter Director Shri. Dineshchand Surana has brought-in the requisite amount of promoter's contribution towards lenders sacrifice and priority loan in terms of the CDR package and Master Restructuring Agreement dated 21<sup>st</sup> March'2014 and the same has been informed to the lender banks. In the meanwhile shareholders' approval through postal ballot is being sought for allotment of equity shares to Shri.Dineshchand Surana against the contribution amount brought-in by him.
16. a. During the Financial Year 2014-15, the company has aligned the useful life of fixed assets in line with Schedule II of Companies Act, 2013, with effect from 1<sup>st</sup> April 2014. As a result, the depreciation for the year ended 31<sup>st</sup> March 2015 is higher by Rs. 90.10 lakhs with consequential effect on loss before tax by the same amount. The company has also adjusted Rs. 644.65 Lakhs against opening Surplus balance in the Statement of Profit & Loss under Reserves & Surplus.
- b. Depreciation charge for the Financial Year 2014-15 includes an amount of Rs. 1770.14 Lakhs pertaining to prior period.
17. Finance Cost includes Recompense Interest recorded in the year ended 31<sup>st</sup> March 2015 amounting to Rs.4373.86 Lakhs, in terms of CDR package approved by CDR EG vide letter dated 13<sup>th</sup> March 2014 , reference no. CDR(SSA)/No.1127/2013-14. The payment of recompense interest is subject to the company repaying all loans and interest within the stipulated period as has been defined by the CDR package.
18. a. Tax expense of Rs. 2829.45 Lakhs for the financial year ended 31<sup>st</sup> March 2015 includes reversal of MAT Credit of Rs. 3129.74 Lakhs and another sum of Rs. 255.91 Lakhs and his net off reversal of tax relating to earlier years of Rs. 556.20 Lakhs towards reversal of Deferred Tax Assets booked in earlier period.
- b. Tax expense of Rs. 3864.79 Lakhs in the Consolidated Financial Statements for the Financial year ended 31<sup>st</sup> March 2015 includes reversal of MAT Credit of Rs. 3246.91 Lakhs and another sum of Rs. 1174.09 Lakhs and his net off reversal of tax relating to earlier years of Rs. 556.20 Lakhs towards reversal of Deferred Tax Assets booked in earlier period.
19. The Company has written-off the investment of Rs. 1 lakh in the dormant subsidiary Uday Energy Private Limited as the same has become defunct and closed.



20. Auditors Comment :

The Statutory Auditors have issued a qualified opinion dated 30 May 2015 on the standalone audited financial statements for the year ended March 31, 2015 and the basis for qualified opinion and management responses are as under :

A) Observation:

i. Capital work in progress relating to the Pelletisation and Beneficiation (P&B) Project includes:

a) Interest on borrowings aggregating to Rs. 40765 Lakhs (including Rs. 22339 Lakhs for the year) relating to the periods during which the project has been stalled, which constitutes a departure from Accounting Standard 16 (AS-16) on "Borrowing Costs". Had the interest capitalized during the period in which the project was stalled been charged to the Statement of Profit & Loss, the loss for the year and, the Deficit in the Statement of Profit and Loss, will be higher by Rs. 40765 Lakhs and Capital Work in Progress will be lower by Rs. 40765 Lakhs.

b) Preoperative expenses incurred in relation to the project aggregating to Rs. 68 Lakhs (including Rs. 19.82 Lakhs for the year) relating to the periods during which the project has been stalled, which constitutes a departure from Accounting Standard 10 (AS-10) on "Fixed Assets". Had such expenditure capitalized during the period in which the project was stalled been charged to the Statement of Profit & Loss, the loss for the year and the Deficit in the Statement of Profit and Loss, will be higher by Rs. 68 Lakhs and Capital Work in Progress will be lower by Rs. 68 Lakhs.

Our submission: Interest and pre-operative expenditure have been capitalised considering the exceptional nature of this industry and prolonged project implementation period and is being retained under capital work in progress as per the CDR package.

B) Observation:

Current investments include investments in subsidiaries aggregating to Rs 53313 Lakhs which are held for sale and valued at cost. As per Accounting Standard 13 – Accounting for Investments, these investments should be valued at the lower of cost and net realizable value. In the absence of the net realizable value, we are unable to comment on the adjustments, if any, to the carrying value of the value of investments as at March 31, 2015.



Our Submission:

The Company is in negotiations with prospective buyers. In the opinion of the management, the Company will be able to realize the carrying value of the said investments and hence, no adjustment to their carrying values is considered necessary.

- C) Observation: As at 31 March, 2015, the quantity, quality and realizable value of Inventory aggregating to Rs. 25911 Lakhs, was not assessed and determined. As per Accounting Standard 2 - Inventories these inventories should be valued at the lower of cost and net realizable value. In the absence of the net realizable value, we are unable to comment on the adjustments that may be required to the carrying values of investments as at March 31, 2015.

Our Submission:

Currently efforts are being made to segregate the inventory at Raichur plant with that inventory belonging to a subsidiary and physically verify the stock of stores and spares. Raw Materials lying at the Raichur plant will be segregated and physically weighed on resumption of production and blended with fresh materials purchased for use in production. The extent of deterioration or obsolescence, if any on the above inventory will be assessed at the time of physical verification / resumption of production and appropriate adjustments will be recorded on completion of the exercise. In the opinion of the management, any such adjustment arising out of physical verification / assessment of the quality will not be material and will be appropriately dealt with on completion of the exercise.

- 21 The Statutory Auditors have issued a qualified opinion dated 30 May 2015 on the consolidated audited financial statements for the year ended March 31, 2015 and the basis for qualified opinion and management responses are as under :

A) Observation:

(a) Interest on borrowings aggregating to Rs. 48535 Lakhs (including Rs. 22872 Lakhs for the year) relating to the periods during project have been stalled, which constitutes a departure from Accounting Standard 16 (AS-16) on "Borrowing Costs". Had the interest capitalized during the period in which the projects were stalled been charged to the Statement of Profit & Loss, the loss for the year and, the Deficit in the Statement of Profit and Loss, will be higher by Rs. 48535 Lakhs and Capital Work in Progress will be lower by Rs. 48535 Lakhs.

(b) Preoperative expenses incurred in relation to the project aggregating to Rs. 5475 Lakhs (including Rs. 448 Lakhs for the year) relating to the periods during which the project has been stalled, which constitutes a departure from Accounting Standard 10 (AS-10) on "Fixed Assets". Had such expenditure capitalized during the period in which the project was stalled been charged to the Statement of Profit & Loss, the loss for the year and the Deficit in the Statement of Profit and Loss, will be higher by Rs. 5475



Lakhs and Capital Work in Progress will be lower by Rs. 5475 Lakhs.

Our submission: Refer to our responses in note 20 A above.

- B) Observation: As at 31 March, 2015, the quantity, quality and realizable value of inventory aggregating to Rs. 28767 Lakhs was not assessed and determined. As per Accounting Standard 2 - Inventories these inventories should be valued at the lower of cost and net realizable value. In the absence of the net realizable value, we are unable to comment on the adjustments that may be required to the carrying value of these inventories as at March 31, 2015.

Our submission: Refer to our responses in 20 C above.

- C) Observation: Long term loans and advances include dues from subcontractors aggregating to Rs 4034 Lakhs represent the amounts taken over from the EPC contractors which are considered good and recoverable by the management. In the absence of any confirmation / agreement from these parties, we are unable to comment on the adjustments that may be required on the carrying value of these advances.

Our submission: The dues are collectable / adjustable on resumption of project work, and no provision is considered necessary.

- D) Observation: Trade payables include amounts payable to subcontractors aggregating to Rs. 3141 Lakhs and retention monies aggregating to Rs 661 Lakhs In the absence of details or confirmations from the parties, we are unable to comment on the completeness of these liabilities.

Our submission: The Management is of the opinion that the said payables are complete and will be settled in the normal course of business on resumption of the 2 X 210 MW project work and there will be no additional liabilities on this account.



- 22 The above results are available on the company's website at [www.suranaind.com](http://www.suranaind.com) and BSE & NSE website.

Place: Chennai

Date: May 30, 2015

For and on Behalf of the Board of Directors



Dineshchand Surana  
Managing Director  
DIN: (00007032)

